

## Message Text

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46

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 COME-00 L-03 TRSE-00 SS-15 SP-02

STR-04 AID-05 CIAE-00 FRB-03 INR-07 NSAE-00 USIA-06

XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 EURE-00

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P 211709Z JUL 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 1453

INFO AMEMBASSY BONN PRIORITY

C O N F I D E N T I A L PARIS 18807

E.O. 11652: GDS

TAGS: EINV, EIND, FR

SUBJ: POSSIBLE FRENCH MOVE AGAINST U.S.-OWNED

MACHINE TOOL ENTERPRISE

REF.: PARIS 17273, STATE 169817

1. CROSBY KELLY, VICE-PRESIDENT OF LITTON INDUSTRIES, HAS BRIEFED ACTING MINECON ON MEETING HELD LAST WEEK WITH OFFICIALS OF FRENCH MINISTRY OF INDUSTRY AND RESEARCH ON AMTEC-FRANCE'S PROPOSAL TO DISCHARGE 350 WORKERS TO EASE FINANCIAL STRAINS (SEE REFTELS FOR BACKGROUND). KELLY HAS NOT YET RECEIVED OFFER FROM EITHER OF THE TWO FRENCH MACHINE TOOL COMPANIES REPORTED TO BE INTERESTED IN ACQUIRING AMTEC, BUT AT MINISTRY'S SUGGESTION HE PLANNED TO MEET WITH J. C. KAHN, DIRECTOR GENERAL OF R.I.E.T. (RENAULT INDUSTRIE ET TECHNIQUE) ON JULY 18 AND TO SEE G. DUREAULT, PRESIDENT OF ERNAULT-SOMUA, LATER THIS WEEK IN NEW YORK. R.I.E.T./ERNAULT TEAMS HAVE ALREADY INSPECTED AMTEC FACILITIES. KELLY ALSO INTENDS TO VISIT WASHINGTON DURING WEEK OF JULY 20 AND MAY REQUEST CONSULTATIONS WITH UNDER SECRETARY ROBINSON.

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2. ACCORDING TO KELLY, LITTON IS NOW PREPARED TO DISCUSS SELLING AMTEC'S NANTERRE AND LYON ASSETS TO THE TWO FRENCH COMPANIES, WHICH MAY BE ACTING IN CONCERT WITH THE GERMAN MACHINE TOOL COMPANY, GILDERMEISTER. HOWEVER, SHOULD NO CONCRETE PROPOSAL EMERGE BY AUGUST 24, AMTEC WILL FORMALLY ADVISE THE GOF OF ITS INTENTION TO LAY OFF 350 EMPLOYEES. IF THE GOF SHOULD REFUSE PERMISSION (IT HAS 30 DAYS TO REPLY), LITTON IS PREPARED TO LIQUIDATE AMTEC TO CUT ITS LOSSES. LITTON PLANS NO SIMILAR ACTION IN REGARD TO ITS OTHER SUBSIDIARIES IN FRANCE. GOF OFFICIALS ARE AWARE OF LITTON'S INTENTIONS AND BOTH THEY AND LITTON OFFICIALS ARE ANXIOUS THAT THIS INFORMATION BE CLOSELY HELD. IT IS KELLY'S IMPRESSION THAT THE GOF COULD, IF IT WISHED, BRING PRESSURE TO BEAR ON ERNAULT AND R.I.E.T. TO MAKE AN ACCEPTABLE ACQUISITION PROPOSAL, THOUGH MINISTRY OFFICIALS TOLD KELLY THAT NEGOTIATION IS PURELY PRIVATE AFFAIR AND SHOULD NOT INVOLVE GOF. LITTON HAS MADE IT CLEAR THAT ANY OFFER MUST NOT ONLY BE FAIR BUT FAST, SINCE CURRENT OPERATING LOSSES ARE HEAVY WITH NO RELIEF IN SIGHT. IF SALE FALLS THROUGH AND GOF REFUSES TO PROVIDE NECESSARY CLEARANCES FOR RATIONALIZATION OF AMTEC AROUND LYON FACILITIES, LIQUIDATION IS ONLY RECOURSE.

3. AS OF NOW LITTON HAS NOT RPT NOT REQUESTED EM-BASSY INTERVENTION.  
GAMMON

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## Message Attributes

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